

Organization January, 1936

DIRECTORS

J. A. BOHANNON
K. S. BARNES
S. T. CREIGHTON
JOSEPH G. FOGG
ALFRED FRITZSCHE
RALPH LAUBSCHER
E. P. TAYLOR

OFFICERS

J. A. BOHANNON
President

E. P. TAYLOR
Vice-President

S. T. CREIGHTON
Secretary-Treasurer

FILE
BORTON &

Annual Report

Peerless Corporation



Consolidated Balance
Sheet

Income and Surplus
Accounts



September 30, 1935

PEERLESS CORPORATION

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

September 30, 1935

A S S E T S

Cash in banks, cash and cash items on hand (including \$2,025 scrip)	\$ 50,126.48
Note receivable from vendor of rejected equipment, with second mortgage as collateral (both past due)	\$ 12,961.95
Accounts receivable, customers..	101,799.77
	<u>\$ 114,761.72</u>
Less, Reserve for doubtful accounts and notes	19,003.25
	95,758.47
Advances to officers and employees	200.00
Inventories at the lesser of cost or market	48,761.14
Prepaid insurance, taxes, etc....	15,926.57
Total current assets.....	<u>\$ 210,772.66</u>
Deposits with public utilities, etc.	4,957.00
Fixed assets, at amounts determined in 1932 by Board of Directors, plus subsequent additions at cost, and less subsequent sales, dismantlements and depreciation:	
Land	\$ 450,730.00
Buildings, machinery and fixed equipment, less adjustments on account of abandonments, etc., and less allowance for depreciation	1,320,591.52
Kegs, cases and bottles at cost, less allowance for depreciation	134,415.77
	1,905,737.29
Trade-marks, processes, etc.	125,000.00
	<u>\$2,246,466.95</u>

LIABILITIES

Notes payable to sundry creditors:	
Unsecured	\$ 41,315.52
With vendors' liens as collateral	192,259.27
Convertible at option of bearer after December 1, 1934 and prior to January 31, 1939, into 35,000 shares of Peerless Corporation capital stock ..	175,000.00
	\$ 408,574.79
Accounts payable (including items aggregating \$81,126.93 with vendors' liens as collateral) ..	275,507.05
Accrued taxes, interest, etc.....	144,343.31
Total current liabilities..	<u>\$ 828,425.15</u>
Deposits on returnable containers	62,340.30

C A P I T A L

Capital stock, par value \$3 per share:	
Authorized 750,000 shares	
Issued and outstanding 507,016 shares	\$1,521,048.00
Surplus—deficit:	
Capital surplus, as annexed	\$220,913.09
Deficit from operations subsequent to October 1, 1933 as annexed	386,259.59
	165,346.50
	1,355,701.50
	<u>\$2,246,466.95</u>

Peerless Corporation,
Cleveland, Ohio.

We have made an examination of the balance sheet of PEERLESS CORPORATION and its Subsidiary Companies as at September 30, 1935 and of the related statements of income, capital surplus and deficit from operations for the year then ended. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination and subject to the valuation for land, buildings and equipment as indicated, the above balance sheet and the annexed statements of income and surplus (deficit) fairly present, in accordance with accepted accounting principles consistently maintained by the companies during the period under review, their combined financial position at September 30, 1935 and combined results of their operations for the year ended on that date.

LYBRAND, ROSS BROS. & MONTGOMERY.

Cleveland, Ohio, December 18, 1935.

CONSOLIDATED INCOME ACCOUNT

For the year ended September 30, 1935

Sales of ale and beer, less allowances	\$1,038,717.17	
Less, Federal and state taxes	490,627.38	
	<u> </u>	
Net sales		\$548,089.79
Cost of sales		385,772.73
		<u> </u>
Gross profit on sales before depreciation		\$162,317.06
Selling, advertising and general expense, repairs, etc.	\$ 285,885.40	
Depreciation of buildings and equipment	88,735.16	374,620.56
	<u> </u>	
Loss from operations		\$212,303.50
Interest and discount received and miscellaneous income		56,436.96
		<u> </u>
		\$155,866.54
Interest paid, discount allowed, maintenance of idle property, etc.		67,788.82
		<u> </u>
Net loss		<u>\$223,655.36</u>

CONSOLIDATED CAPITAL SURPLUS ACCOUNT

For the year ended September 30, 1935

Capital surplus, September 30, 1934	\$273,613.41
Difference between par value of 25,000 shares of capital stock issued in conversion, over face value (\$125,000) of convertible notes payable	50,000.00
	<u> </u>
	\$323,613.41
Amortization of expense incurred in organizing for brewing activities, etc.	102,700.32
	<u> </u>
Capital surplus, September 30, 1935	<u>\$220,913.09</u>

CONSOLIDATED DEFICIT FROM OPERATIONS SUBSEQUENT TO OCTOBER 1, 1933

For the year ended September 30, 1935

Deficit, September 30, 1934	\$172,862.59
Adjustment of accrual of taxes as at September 30, 1934	10,258.36
	<u> </u>
Adjusted balance, September 30, 1934	\$162,604.23
Loss from operations for the year ended September 30, 1935.....	223,655.36
	<u> </u>
Deficit, September 30, 1935	<u>\$386,259.59</u>

Cleveland, Ohio,
January 6, 1936.

TO THE STOCKHOLDERS OF
PEERLESS CORPORATION:

A Consolidated Balance Sheet showing the financial condition of your Corporation and its subsidiaries as of September 30, 1935, is submitted herewith, together with Consolidated Income and Surplus Accounts for the fiscal year ended on that date.

The Corporation's wholly owned subsidiary, Brewing Corporation of America, has suffered throughout the larger part of its fiscal year on account of the jurisdictional dispute between the brewery workers union and the truck drivers union which resulted in a strike affecting all breweries in the Cleveland district. In addition to greatly increasing the cost of operations, the strike resulted in a boycott of the Carling products in many of the distributing points which had been built up outside of Cleveland. Constant effort was made by your management to settle this strike, but it was of such a nature—being solely a dispute between two strong labor unions—that the employers were unable to effect a settlement until last November. Since that time the sales of our products have shown a marked increase.

Despite the difficulties under which Brewing Corporation was working, the Committee had sufficient faith in the future of the subsidiary to continue the Extension Agreement for another year, subject to the rights of the Committee with respect to termination, and it now runs until September 1, 1936. The Extension Agreement covers practically all of the indebtedness of the subsidiary with the exception of taxes.

Of the seven Directors of the subsidiary, four are members of the Extension Committee and represent the larger creditors. These gentlemen have given much time to the affairs of Brewing Corporation and have shown every disposition to cooperate in working out its financial difficulties.

Carling products have made a fine reputation for quality and we believe the management in charge of the subsidiary's business is an excellent one. It is the judgment of the management that the permanent financing of the subsidiary's indebtedness must await a better showing of earnings on its part.

Respectfully submitted on behalf of
The Board of Directors,

J. A. BOHANNON,
President.